

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FRB-03 OPIC-03 AID-05 CIEP-01

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FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 7180

C O N F I D E N T I A L BOGOTA 1666

E.O. 11652: GDS

TAGS: EINV, ECIN, CO

SUBJECT: GOC POLICY ON FOREIGN BANKS

REF: BOGOTA 1611

1) HEAD OF NATIONAL CITY BANK IN COLOMBIA, VP ROBERT BOTJER, CALLED ON AMBASSADOR FEBRUARY 19 TO DISCUSS SITUATION OF FOREIGN BANKS IN COLOMBIA. NOTING THAT IN 1974 GOC HAD EXEMPTED FOREIGN BANKS FROM SELL-OUT PROVISIONS OF ANDEAN PACT DECISION 24, ARTICLE 42, BOTJER SAID HE HAD REASON TO BELIEVE THIS SITUATION MIGHT CHANGE. ACCORDING TO HIS INFORMATION FINANCE MINISTER BOTERO WAS PUSHING FOR A PRESIDENTIAL DECISION THAT WOULD REQUIRE FOREIGN BANKS TO SELL-DOWN THEIR EQUITY TO A MINORITY POSITION WITHIN 10 YEARS. IT APPEARED, HOWEVER, THAT LEGISLATION WOULD BE REQUIRED TO ALTER THE EXISTING EXEMPTION FROM DECISION 24 AND BOTJER THOUGHT THE GOC WOULD BE RELUCTANT TO DEAL WITH THE QUESTION IN THE CONGRESS.

THE PRESENT STATUS OF THE FINANCE MINISTERS PROPOSAL WAS THEREFORE UNCLEAR. BOTJER SAID HE WANTED TO ALERT THE EMBASSY TO THE SITUATION AND WOULD KEEP US INFORMED OF ANY NEW DEVELOPMENTS.

2) COMMENT: DURING A FEBRUARY 17 CONVERSATION FINANCE MINISTER
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BOTERO TOLD THE AMBASSADOR THAT A DECISION HAD BEEN TAKEN

TO AVOID FOREIGN OWNERSHIP OF SIGNIFICANT SECTORS OF BANKS,
FINANCE CORPORATIONS, AND INSURANCE COMPANIES. THE MINISTER
DID NOT ELABORATE BUT HIS COMMENT CONFIRMS
BOTJERS INFORMATION THAT THE CURRENT STATUS OF
FOREIGN-OWNED BANKS IS BEING CONSIDERED WITHIN THE GOC.
THE FACT THAT SUCH A STUDY IS UNDERWAY HAS BEEN TIGHTTLY HELD
AND NO INFORMATION ON IT HAS YET APPEARED PUBLICLY.
VAKY

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